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CENTRAL INTELLIGENCE AGEONICY Staff

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600 7 January 1966

ARMY review(s) completed.

State Dept. review completed

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HIGHLIGHTS

Government outpost at Cong Hao, controlling a major bridge on Route 1 in Quang Ngai Province, falls to the Viet Cong after five-day harassment action. Shelepin delegation arrives in Hanoi on the 7th and receives warm welcome.

The Military Situation in South Vietnam: Communist guerrillas, striking in undetermined strength, last night seized control of the government's strategic outpost at Cong Hoa, ten miles south of Quang Ngai city, after five days of almost continuous harassment (Para. 1). Two Viet Cong terrorists transporting a 275-pound plastic bomb were arrested by Vietnamese police today while en route to blow up a US military BOQ in downtown Saigon (Para. 2). A USAF C-130 Hercules transport carrying 33,000-pounds of high explosive ordnance exploded in mid-air near Pleiku yesterday, killing its five-man crew (Para. 5). Operation DAN CHI 195, a search-and-destroy ground sweep by four battalions of the 21st ARVN Regiment, yesterday established heavy contact with an estimated two Viet Cong companies in Ba Xuyen Province (Para. 6). ARVN forces have scored favorable results in a one-day search-and-destroy mission in northern Thua Thien Province (Para. 7). Allied Operations JEFFERSON, MARAUDER, and LONG LANCE, in Phu Yen, Hau Nghia, and Quang Nam provinces, respectively, continue according to plan (Paras. 8-10). Operation BLUE LIGHT -- the movement of the 3rd Brigade/25th US Infantry Division to Pleiku--continues on schedule (Para. 11).

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High-ranking Buddhist monk Tam Chau, has commented on Buddhist irritations over alleged US troop depredations, peace prospects, and the public desire for economic improvement (Paras. 1-4). A Saigon newspaper has published an outline of Ky's proposed three-point program for 1966, stressing a revitalized pacification program, control of inflation, and preparations for democratic evolution (Para. 5).

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- IV. Other Communist Military Developments: Nothing of significance to report.
- V. Communist Political Developments: Shelepin delegation arrives in Hanoi (Paras. 1 and 2). DRV protests US air attack on North Vietnam on 5 January (Para. 3).
 - VI. Other Major Aspects:

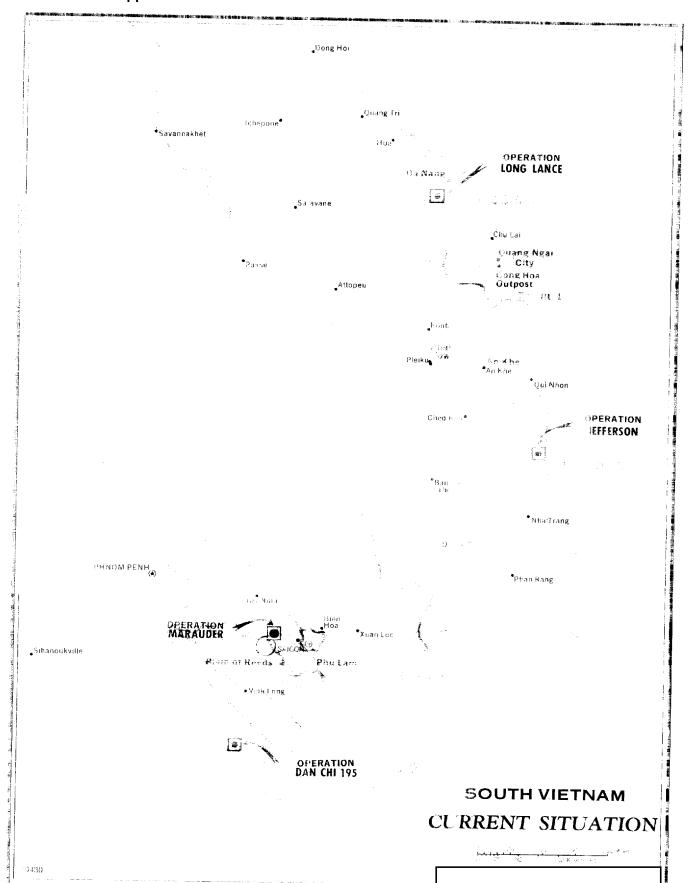
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All three major rail lines in North Vietnam now open to through traffic (Paras. 2 and 3).

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I. MILITARY SITUATION IN SOUTH VIETNAM

- 1. Communist guerrillas last night seized control of the government's strategic outpost at Cong Hoa, ten miles south of Quang Ngai City, after five days of almost continuous harassment. The post guarded a major bridge on South Vietnam's main north south coastal highway--Rou'e l--connecting the Quang Ngai provincial capital with the coastal lowlands. There was no immediate report on casualties among the garrison's 60 Regional Forces defenders, or on the size of the attacking force. Tactical air strikes by USAF and USN air-craft were subsequently launched against Cong Hoa, but no ground action to reoccupy the position has yet been initiated.
- 2. Two Viet Cong terrorists transporting a 275-pound plastic bomb were arrested by Vietnamese policy today while en route to a four-story building housing 66 American officers in downtown Saigon. Under interrogation, the saboteurs admitted their intentions to blow up the US "Alabama BOQ" on Cong Quynh Street. Police stopped the pair as they peddled their cyclecart, a small three-wheeled bicycle with a wooden cargo carrier, toward the objective. The explosive was camouflaged in plastic water bottles placed in the carrier. Both men carried .45-caliber pistols and one had a hand grenade, which apparently was to be used to detonate the charge.
- 3. MACV has revised its initial estimate of friendly casualties sustained in the 5 January terrorist bombings at Saigon's Tan Son Nhut Air Base and at a National Police substation on the capital's east side. In the airport incident, one Vietnamese was killed and five US and one vietnamese were wounded. In the latter incident, 12 Vietnamese civilians, including one child and one policeman, were wounded.

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A USAF C-130 Hercules transport en route from Saigon's Tan Son Nhut Air Base to II Corps headquarters at Pleiku town with 33,000 pounds of high explosives and bombs exploded in mid-air near its destination point yesterday, killing the five-Cause of the explosion has not man crew aboard. been determined; however, sabotage remains a strong The incident marked the second time possibility. in as many days that an airborne US ammunition carrier has been downed under mysterious circum-On 5 January, a giant US CH-54 stances near Pleiku. "Flying Crane" helicopter transporting ammunition and explosives from An Khe to Pleiku town crashed and burned, killing its five-man crew.

Allied Operations

- 6. Operation DAN CHI 195, a search-and-destroy ground sweep by three ARVN battalions and a Regional Forces battalion, yesterday established heavy contact with an estimated two Viet Cong companies in Ba Xuyen Province. Enemy losses were placed at 66 killed (US body count) and seven captured, as against government casualties of eight killed and 20 wounded.
- 7. In northern Thua Thien Province, an ARVN battalion on a one-day search-and-destroy operation yesterday engaged a Communist force of undetermined strength, killing 22 Viet Cong and capturing three, while sustaining friendly casualties of only two wounded.

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- 8. The joint battalion-strength Vietnamese-Korean ground sweep, Operation JEFFERSON, continues according to plan in Phu Yen Province, with no further significant contact reported with enemy forces in the target area. Cumulative Viet Cong losses since 31 December stand at 333 killed (300 confirmed by US body count), 11 captured, 269 suspects detained, and 37 weapons seized. Friendly casualties to date total 32 killed (19 ROK, 13 ARVN, 79 wounded (52 ROK, 20 ARVN, seven US), and one missing (one ROK).
- 9. In Hau Nghia Province, paratroop elements of the US 173rd Airborne Brigade and Australian infantrymen participating in Operation MARAUDER continue to press their offensive against Viet Cong troop concentrations and base areas near the Plain of Reeds. Although no significant contact has been established with enemy units during the past 25 hours, allied operational forces have seized 3,900 pounds of rice, 5,600 pounds of fertilizer, and sufficient ammunition and supplies to equip a platoon-size force. In addition, numerous Viet Cong bunkers and huts have been destroyed.
- 10. Operation LONG LANCE, by the 1st Battalion/1st US Marines southwest of Da Nang in Quang Nam Province continues, but without significant enemy contact. One marine company was engaged yesterday in destroying a Viet Cong rice stockpile in a small village when high winds and secondary explosions from hidden ammunition caused a fire to spread and burn ten friendly houses. No casualties resulted from this incident. Since 4 January, the operation has resulted in 15 Viet Cong killed and seven captured, as against American casualties of two killed and 26 wounded.
- 11. In Operation BLUE LIGHT—the movement of the 3rd Brigade of the 25th US Infantry Division to Pleiku has been completed. Involved are 1,409 personnel, 188 trucks, 166 trailers, and six 105-mm. howitzers.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

- 1. Buddhist monk Tam Chau, in a 5 January conversation at his own request with Ambassador Lodge, outlined his views on a number of subjects. Chau expressed the belief that Buddhist emotions in the Da Nang Hué area, over the alleged desecration of a pagoda by US Marines, had now calmed down. He cautioned, however, that the population of that part of South Vietnam was more volatile than in the South, and that every effort must be made to prevent incidents.
- 2. Commenting on the publicity regarding a US "peace offensive," Chau stated that he felt North Vietnam's intransigence concerning negotiations was largely due to Chinese Communist pressure. He expressed the opinion that Communist China was the basic threat to peace in Southeast Asia, and that, short of eliminating this threat, the best attainable solution for South Vietnam would be a reassertion of governmental authority throughout its own territory and the exclusion of Viet Cong Liberation Front participation in any future government.
- 3. Domestically, Chau identified the major concern of the South Vietnamese, apart from the question of peace, as economic. He felt that the people did not desire any further government changes, but did hope that the government would restore normal living costs and, to the extent possible in wartime, make some improvements in living standards.
- 4. Ambassador Lodge has observed that Chau, a staunch anti-Communist, has been playing a generally constructive role, particularly in the recent local Buddhist ill-feeling concerning the pagoda desecration, and that Chau continues to occupy the most important position in Vietnamese Buddhism.
- 5. The English-language Saigon Post today carried an outline of Premier Ky's three-point program

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for 1966, which is to emphasize new pacification concepts, efforts to control inflation, and the development of foundations for a phased democratization of the country. Ky's proposals pledged more vigorous pursuit of the pacification campaign with emphasis on winning popular loyalty and uprooting Viet Cong presence in recovered territory; a more austere government budget bolstered by an increased US import aid program; and the establishment of a "council for the edification of democracy" to frame a constitution for ultimate approval or disapproval by popular referendum.

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IV. OTHER MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

- 1. After a 45-minute stopover in Peking, which was characterized by extreme coolness, Soviet party secretary Shelepin was welcomed ceremoniously in Hanoi by DRV party leaders on 7 January. mier Pham Van Dong made the major speech at the airport, indicating that the visit was particularly welcome at this time when the US was using a "socalled peace offensive" to cover up an escalation of the Vietnamese war. "In these conditions," said the premier, the valuable support of the Soviet people strengthens our will to smash the American imperialist aggressors." Shelepin's reply reminded the Vietnamese that "the friendship and cooperation of the two countries had grown stronger of late thanks to the reciprocal efforts" of both sides, and he promised that the present visit will "contribute to the further development of friendly relations." According to the Soviet party leader, "this is why we came here."
- 2. DRV news media earlier in the week continued their efforts to offset Chinese irritation at the Shelepin visit by featuring a series of articles not only on the extent of Chinese support to the DRV, but also on the year-end economic achievements of Albania and North Korea as well as China.
- 3. Hanoi charged today, in an "urgent" message to the ICC, that US aircraft bombed and strafed North Vietnamese territory on 5 January. The charge alleged that three US F-105 Thunderchiefs dropped four bombs and fired over 30 rockets into the area of Na Man west of Thanh Hoa, adjacent to the Laos-DRV border. This is the first time that Hanoi has charged the US with an actual attack since the bombings stopped. The protest to the ICC called the 5 January incident—and other "spying and provocative activities" by the US—"serious violations of the Geneva agreements." It also charged that the alleged 5 January attack was "proof" that the US "so—called peace—seeking themes and tricks are mere hoaxes."

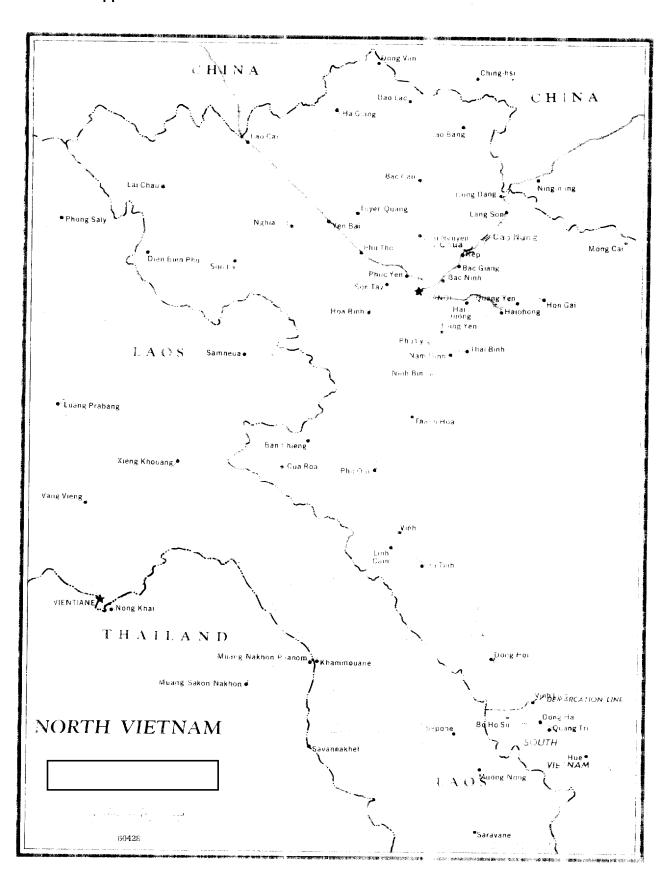
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During the hiatus in air strikes in May 1965 Hanoi also claimed that US aircraft struck DRV areas along the Laos-DRV border. Those areas were within Laos on Western maps, but within the DRV on Hanoi maps.

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VI. OTHER MAJOR ASPECTS

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- 2. As of the 2nd of January all three major rail lines in North Vietnam-Hanoi Lao Cai, Hanoi Dong Dang, and Hanoi-Haiphong--were probably open for through traffic. These lines comprise North Vietnam's principal inland transportation network for imports received by rail and by sea, and for exports.
- 3. According to photography the Cao Nung bridge on the Hanoi Dong Dang line, interdicted on 1 December, had been temporarily restored and was probably operational. No photography is available of the smaller Vu Chua bridge on this line, which was bombed on 20 December, but it is estimated that damage could have been repaired by the end of December. Photography

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25X1	previously indicated restoration of all interdicted points on the Hanoi - Lao Cai line. The Hanoi-Haiphong line, which has never suffered serious damage, appeared operational in photogra-
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